



QUARTERLY STATEMENT  
AS OF March 31, 2005  
OF THE CONDITION AND AFFAIRS OF THE  
QCA Health Plan, Inc.

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	95448	Employer's ID Number	71-0794605
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	Arkansas		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	04/08/1996		Commenced Business	07/31/1996		
Statutory Home Office	10825 Financial Centre Parkway, Suite 400 (Street and Number)		Little Rock, AR 72211 (City, or Town, State and Zip Code)			
Main Administrative Office	10825 Financial Centre Parkway, Suite 400 (Street and Number)					
	Little Rock, AR 72211 (City or Town, State and Zip Code)		(501)228-7111 (Area Code) (Telephone Number)			
Mail Address	10825 Financial Centre Parkway, Suite 400 (Street and Number or P.O. Box)		Little Rock, AR 72211 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	10825 Financial Centre Parkway, Suite 400 (Street and Number)					
	Little Rock, AR 72211 (City, or Town, State and Zip Code)		(501)228-7111 (Area Code) (Telephone Number)			
Internet Website Address	www.qcark.com					
Statutory Statement Contact	Randall Crow (Name)		(501)228-7111-5109 (Area Code)(Telephone Number)(Extension)			
	rcrow@qcark.com (E-Mail Address)		(501)228-0135 (Fax Number)			
Policyowner Relations Contact	Terri James (address same as above) (Street and Number)					
	Little Rock, AR 72211 (City, or Town, State and Zip Code)		(501)228-0135 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
Francis Lee Browning	President
Michael Edward Stock	Treasurer
Randall Alvin Crow	Secretary

OTHERS

Roy Perry Lamm  
Richard Thomas Halinski Jr., J.D.  
Miles Haley Wilson

Joni Self Daniels  
Roger Keeney Howe M.D., MMM

DIRECTORS OR TRUSTEES

Francis Lee Browning  
Larry Bridge  
Buford Joseph Suffridge DDS,MS,PA  
Joseph Patrick Searcy  
A. David Hall M.D.

Richard Allen Pierson  
Barbara Garner Williams RN, PhD  
Joseph Maurice Elser M.D.  
Pamela Jean Stoyanoff  
Charles W. Smith M.D.

State of Arkansas  
County of Pulaski ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Francis Lee Browning (Printed Name) President (Title)	(Signature) Randall Alvin Crow (Printed Name) Secretary (Title)	(Signature) Michael Edward Stock (Printed Name) Treasurer (Title)
Subscribed and sworn to before me this day of , 2005	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[ ]   
(Notary Public Signature)		



ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1.	Bonds .....	11,957,050		11,957,050	9,967,061
2.	Stocks:				
2.1	Preferred stocks .....				
2.2	Common stocks .....				
3.	Mortgage loans on real estate:				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate:				
4.1	Properties occupied by the company (less \$..... encumbrances) .....				
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....9,588,692), cash equivalents (\$.....) and short-term investments \$.....1,322,925) .....	10,911,618		10,911,618	11,952,372
6.	Contract loans (including \$..... premium notes) .....				
7.	Other invested assets .....				
8.	Receivables for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	22,868,668		22,868,668	21,919,433
11.	Title plants less \$..... charged off (for Title insurers only) .....				
12.	Investment income due and accrued .....	101,024		101,024	77,403
13.	Premiums and considerations:				
13.1	Uncollected premiums and agents' balances in the course of collection .....	82,008		82,008	103,002
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbilled premiums) .....				
13.3	Accrued retrospective premiums .....				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers .....				
14.2	Funds held by or deposited with reinsured companies .....				
14.3	Other amounts receivable under reinsurance contracts .....				
15.	Amounts receivable relating to uninsured plans .....	366,225		366,225	251,267
16.1	Current federal and foreign income tax recoverable and interest thereon .....				
16.2	Net deferred tax asset .....	571,000		571,000	571,000
17.	Guaranty funds receivable or on deposit .....				
18.	Electronic data processing equipment and software .....				
19.	Furniture and equipment, including health care delivery assets (\$.....) .....				
20.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
21.	Receivables from parent, subsidiaries and affiliates .....	9,903		9,903	581,788
22.	Health care (\$.....) and other amounts receivable .....	26,000	26,000		23,391
23.	Aggregate write-ins for other than invested assets .....				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	24,024,828	26,000	23,998,828	23,527,284
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	TOTAL (Lines 24 and 25) .....	24,024,828	26,000	23,998,828	23,527,284
DETAILS OF WRITE-INS					
0901.	Investment due and accrued .....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301	.....				
2302	.....				
2303	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				

**LIABILITIES, CAPITAL AND SURPLUS**

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	7,365,202	1,465,975	8,831,177	8,859,592
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....	67,756		67,756	67,756
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserve .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	1,023,761		1,023,761	951,147
9.	General expenses due or accrued .....	1,004,535		1,004,535	973,963
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized gains (losses)) .....	32,744		32,744	49,198
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	29,400		29,400	53,595
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured accident and health plans .....	280,700		280,700	338,613
21.	Aggregate write-ins for other liabilities (including \$..... current) .....				
22.	Total liabilities (Lines 1 to 21) .....	9,804,098	1,465,975	11,270,073	11,293,864
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X	1,553	1,553
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X	8,123,807	8,123,807
27.	Surplus notes .....	X X X	X X X	17,210,808	17,210,808
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29.	Unassigned funds (surplus) .....	X X X	X X X	(12,607,053)	(13,102,388)
30.	Less treasury stock, at cost:				
30.1	..... shares common (value included in Line 24 \$.....)	X X X	X X X	360	360
30.2	..... shares preferred (value included in Line 25 \$.....)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	12,728,755	12,233,420
32.	Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	23,998,828	23,527,284
DETAILS OF WRITE-INS					
2101.	Rounding .....				
2102	.....				
2103	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801	.....	X X X	X X X		
2802	.....	X X X	X X X		
2803	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	59,656	58,813
2.	Net premium income (including \$..... non-health premium income) .....	X X X .....	14,541,407	13,687,471
3.	Change in unearned premium reserves and reserves for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	Total revenues (Lines 2 to 7) .....	X X X .....	14,541,407	13,687,471
<b>Hospital and Medical:</b>				
9.	Hospital/medical benefits .....	1,373,316	9,674,403	9,593,368
10.	Other professional services .....			
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....	114,270	802,647	378,948
13.	Prescription drugs .....		2,212,631	1,979,717
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....	1,487,586	12,689,681	11,952,033
<b>Less:</b>				
17.	Net reinsurance recoveries .....		94,184	177,495
18.	Total hospital and medical (Lines 16 minus 17) .....	1,487,586	12,595,497	11,774,538
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....216,790 cost containment expenses .....		540,814	381,055
21.	General administrative expenses .....		1,014,143	1,190,306
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only) .....			
23.	Total underwriting deductions (Lines 18 through 22) .....	1,487,586	14,150,454	13,345,899
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	390,953	341,572
25.	Net investment income earned .....		148,934	37,253
26.	Net realized capital gains (losses) less capital gains tax of \$.....			
27.	Net investment gains or (losses) (Lines 25 plus 26) .....		148,934	37,253
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	539,887	378,825
31.	Federal and foreign income taxes incurred .....	X X X .....	18,546	
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	521,341	378,825
<b>DETAILS OF WRITE-INS</b>				
0601	.....	X X X .....		
0602	.....	X X X .....		
0603	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701	.....	X X X .....		
0702	.....	X X X .....		
0703	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401	.....			
1402	.....			
1403	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901	.....			
2902	.....			
2903	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year .....	12,233,420		9,383,081
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34. Net income or (loss) from Line 32 .....	521,341		2,279,342
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....			
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			571,000
39. Change in nonadmitted assets .....	(26,000)		
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....	(6)		(3)
48. Net change in capital and surplus (Lines 34 to 47) .....	495,335		2,850,339
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	12,728,755		12,233,420
DETAILS OF WRITE-INS			
4701. Rounding .....	(6)		(3)
4702 .....			
4703 .....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	(6)		(3)

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations			
1.	Premiums collected net of reinsurance .....	14,635,015	57,372,114
2.	Net investment income .....	120,670	179,131
3.	Miscellaneous income .....	(2,609)	795,459
4.	Total (Lines 1 through 3) .....	14,753,076	58,346,704
5.	Benefit and loss related payments .....	12,623,912	48,978,736
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	1,697,256	6,734,236
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses) .....	35,000	134,218
10.	Total (Lines 5 through 9) .....	14,356,168	55,847,190
11.	Net cash from operations (Line 4 minus Line 10) .....	396,908	2,499,514
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		4,410
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		4,410
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	1,985,346	9,971,471
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	1,985,346	9,971,471
14.	Net increase (or decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....	(1,985,346)	(9,967,061)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	547,684	(519,910)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	547,684	(519,910)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,040,754)	(7,987,457)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	11,952,372	19,939,829
19.2	End of period (Line 18 plus Line 19.1) .....	10,911,618	11,952,372

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

Description		Amount 1	Amount 2
20.0001	.....		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Stop Loss	11  Disability Income	12  Long-Term Care	13  Other
		2  Individual	3  Group										
Total Members at end of:													
1. Prior Year .....	20,867		20,867										
2. First Quarter .....	20,002		20,002										
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....	59,656		59,656										
Total Member Ambulatory Encounters for Period:													
7. Physician .....	46,365		46,365										
8. Non-Physician .....	8,805		8,805										
9. Total .....	55,170		55,170										
10. Hospital Patient Days Incurred .....	1,472		1,472										
11. Number of Inpatient Admissions .....	411		411										
12. Health Premiums Written .....	14,803,929		14,803,929										
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....	14,803,929		14,803,929										
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services ...	12,623,912		12,623,912										
18. Amount Incurred for Provision of Health Care Services .....	12,689,681		12,689,681										



**CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid .....						
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....	505,896	211,583	82,127	78,028	145,850	1,023,484
0399999 Aggregate Accounts Not Individually Listed - Covered .....	2,541,670	1,063,012	412,612	392,023	732,767	5,142,084
0499999 Subtotals .....	3,047,566	1,274,595	494,739	470,051	878,617	6,165,568
0599999 Unreported claims and other claim reserves .....						2,665,609
0699999 Total Amounts Withheld .....						
0799999 Total Claims Unpaid .....						8,831,177
0899999 Accrued Medical Incentive Pool And Bonus Amounts .....						

**UNDERWRITING AND INVESTMENT EXHIBIT**

**ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5	6
		1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec.31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical) .....	4,246,311	8,377,601	1,348,668	7,482,509	5,594,979	8,859,592
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....						
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	4,246,311	8,377,601	1,348,668	7,482,509	5,594,979	8,859,592
10.	Healthcare receivables (a) .....						
11.	Other non-health .....						
12.	Medical incentive pools and bonus amounts .....						
13.	TOTALS .....	4,246,311	8,377,601	1,348,668	7,482,509	5,594,979	8,859,592

(a) Excludes \$. loans or advances to providers not yet expensed.

# Notes to Financial Statement

**(1) Summary of Significant Accounting Policies**

No significant change

**(2) Accounting Changes and Corrections of Errors**

No significant change

**(3) Business Combinations and Goodwill**

No significant change

**(4) Discontinued Operations**

No significant change

**(5) Investments**

No significant change

**(6) Joint Ventures, Partnerships, and Limited Liability Companies**

No significant change

**(7) Investment Income**

No significant change

**(8) Derivative Instruments**

No significant change

**(9) Income Taxes**

No significant change. There are no changes in the amount of deferred income tax assets or deferred tax liability since the annual statement. The company's federal income tax return is not consolidated with any other entity. \_\_\_\_

**(10) Information Concerning Parent, Subsidiaries and Affiliates**

No significant change

**(11) Debt**

No significant change

**Notes to Financial Statement**

**(12) Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No significant changes

**(13) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

No significant changes

**(14) Contingencies**

No significant changes

**(15) Leases**

No significant changes

**(16) Information About Financial Instructions With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No significant changes

**(17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

No significant changes. The company has no wash sales.

**(18) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

No significant changes

**(19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No significant changes

**(20) September 11 Events**

No significant changes

**(21) Other Items**

No significant changes

**(22) Events Subsequent**

The company had no significant subsequent events.

# Notes to Financial Statement

**(23) Reinsurance**

No significant changes

**(24) Retrospectively Rated Contracts & Contracts Subject to Redetermination**

The Company has no retrospectively rated contracts. No changes

**(25) Change in Incurred Claims and Claim Adjustment Expenses**

No significant changes

**(26) Intercompany Pooling Arrangements**

The company is not a part of a group of affiliated insurers that utilizes a pooling arrangement. No significant changes.

**(27) Structured Settlements**

Per the NAIC instructions this note should not be completed by Health Entities.

**(28) Health Care Receivables**

No significant

**(29) Participating Policies**

The Company does not sell individual policies. The company has not issued policyholder dividends. No significant changes.

**(30) Premium Deficiency Reserves**

The Company has no premium deficiency reserves. No significant changes.

**(31) Anticipated Salvage and Subrogation**

No significant changes .

**GENERAL INTERROGATORIES**  
(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Did the reporting entity implement any significant accounting policy changes that would require disclosure in the Notes to the Financial Statements?

Yes[ ] No[X]
- 1.2 If yes, explain:
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[ ] No[X]
- 2.2 If yes, has the report been filed with the domiciliary state?

Yes[ ] No[ ] N/A[X]
- 3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 3.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end?  
If yes, complete the Schedule Y - Part 1 - organization chart

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?  
If yes, attach an explanation.

Yes[ ] No[ ] N/A[X]
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002
- 7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/12/2004
- 7.4 By what department or departments?
- 8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes[ ] No[X]
- 8.2 If yes, give full information
- 9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 9.2 If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 9.4 If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

**FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[ ]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ .....9,903

**INVESTMENT**

- 11.1 Has there been any change in the reporting entity's own preferred or common stock?

Yes[ ] No[X]
- 11.2 If yes, explain:
- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[ ] No[X]
- 12.2 If yes, give full and complete information relating thereto:
13. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ .....
14. Amount of real estate and mortgages held in short-term investments:

\$ .....
- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[ ] No[X]
- 15.2 If yes, please complete the following:

**GENERAL INTERROGATORIES (Continued)**

		1	2
		Prior Year-End Book/Adjusted Carrying Value	Current Quarter Statement Value
15.21	Bonds .....		
15.22	Preferred Stock .....		
15.23	Common Stock .....		
15.24	Short-Term Investments .....		
15.25	Mortgages Loans on Real Estate .....		
15.26	All Other .....		
15.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26) .....		
15.28	Total Investment in Parent included in Lines 15.21 to 15.26 above .....		

16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[X]

If no, attach a description with this statement.

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[ ] No[X]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian Address
.....	.....

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
Arvest Asset Management .....	Little Rock, Arkansas .....	Rule 26, Section 8, working to correct .....
Simmons First National Bank .....	Little Rock, Arkansas .....	Rule 26, Section 8, working to correct .....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes[ ] No[X]

17.4 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address
.....	.....	.....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

18.2 If no, list exceptions:

**SCHEDULE A - VERIFICATION**

**Real Estate**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	.....	.....
2.	Increase (decrease) by adjustment .....	.....	.....
3.	Cost of acquired .....	.....	.....
4.	Cost of additions to and permanent improvements .....	.....	.....
5.	Total profit (loss) on sales .....	.....	.....
6.	Increase (decrease) by foreign exchange adjustment .....	.....	.....
7.	Amount received on sales .....	.....	.....
8.	Book/adjusted carrying value at end of current period .....	.....	.....
9.	Total valuation allowance .....	.....	.....
10.	Subtotal (Lines 8 plus 9) .....	.....	.....
11.	Total nonadmitted amounts .....	.....	.....
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column) .....	.....	.....

**SCHEDULE B - VERIFICATION**

**Mortgage Loans**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year ....	.....	.....
2.	Amount loaned during period:	.....	.....
2.1	Actual cost at time of acquisitions .....	.....	.....
2.2	Additional investment made after acquisitions .....	.....	.....
3.	Accrual of discount and mortgage interest points and commitment fees .....	.....	.....
4.	Increase (decrease) by adjustment .....	.....	.....
5.	Total profit (loss) on sale .....	.....	.....
6.	Amounts paid on account or in full during the period .....	.....	.....
7.	Amortization of premium .....	.....	.....
8.	Increase (decrease) by foreign exchange adjustment .....	.....	.....
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	.....	.....
10.	Total valuation allowance .....	.....	.....
11.	Subtotal (Lines 9 plus 10) .....	.....	.....
12.	Total nonadmitted amounts .....	.....	.....
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column) .....	.....	.....

**SCHEDULE BA - VERIFICATION**

**Other Invested Assets Included in Schedule BA**

		1	2
Description		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	.....	.....
2.	Cost of acquisitions during period:	.....	.....
2.1	Actual cost at time of acquisitions .....	.....	.....
2.2	Additional investment made after acquisitions .....	.....	.....
3.	Accrual of discount .....	.....	.....
4.	Increase (decrease) by adjustment .....	.....	.....
5.	Total profit (loss) on sale .....	.....	.....
6.	Amounts paid on account or in full during the period .....	.....	.....
7.	Amortization of premium .....	.....	.....
8.	Increase (decrease) by foreign exchange adjustment .....	.....	.....
9.	Book/adjusted carrying value of long-term invested assets at end of current period .....	.....	.....
10.	Total valuation allowance .....	.....	.....
11.	Subtotal (Lines 9 plus 10) .....	.....	.....
12.	Total nonadmitted amounts .....	.....	.....
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3) .....	.....	.....

**SCHEDULE D - VERIFICATION**

**Bonds and Stocks**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	9,967,061	.....
2.	Cost of bonds and stocks acquired .....	1,985,346	9,971,471
3.	Accrual of discount .....	5,112	.....
4.	Increase (decrease) by adjustment .....	.....	(4,410)
5.	Increase (decrease) by foreign exchange adjustment .....	.....	.....
6.	Total profit (loss) on disposal .....	.....	.....
7.	Consideration for bonds and stocks disposed of .....	.....	.....
8.	Amortization of premium .....	469	.....
9.	Book/adjusted carrying value, current period .....	11,957,050	9,967,061
10.	Total valuation allowance .....	.....	.....
11.	Subtotal (Lines 9 plus 10) .....	11,957,050	9,967,061
12.	Total nonadmitted amounts .....	.....	.....
13.	Statement value .....	11,957,050	9,967,061



**SCHEDULE D - PART 1B**  
**Showing the Acquisitions, Dispositions and Non-Trading Activity**  
**During the Current Quarter for all Bonds and Preferred Stock by Rating Class**

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	12,287,989	1,985,346	1,000,000	6,640	13,279,975			12,287,989
2. Class 2 .....								
3. Class 3 .....								
4. Class 4 .....								
5. Class 5 .....								
6. Class 6 .....								
7. TOTAL Bonds .....	12,287,989	1,985,346	1,000,000	6,640	13,279,975			12,287,989
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. TOTAL Preferred Stock .....								
15. TOTAL Bonds & Preferred Stock .....	12,287,989	1,985,346	1,000,000	6,640	13,279,975			12,287,989

**SCHEDULE DA - PART 1**

**Short - Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999. TOTALS .....	1,322,925	X X X	1,321,158	26,250	798

**SCHEDULE DA - PART 2 - Verification**

**Short-Term Investments Owned**

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	2,320,928	326,958
2.	Cost of short-term investments acquired .....		2,319,322
3.	Increase (decrease) by adjustment .....	1,997	(352)
4.	Increase (decrease) by foreign exchange adjustment .....		
5.	Total profit (loss) on disposal of short-term investments .....		
6.	Consideration received on disposal of short-term investments .....	1,000,000	325,000
7.	Book/adjusted carrying value, current period .....	1,322,925	2,320,928
8.	Total valuation allowance .....		
9.	Subtotals (Lines 7 plus 8) .....	1,322,925	2,320,928
10.	Total nonadmitted amounts .....		
11.	Statement value (Lines 9 minus 10) .....	1,322,925	2,320,928
12.	Income collected during period .....	26,250	8,125
13.	Income earned during period .....	12,379	13,819

**15      Schedule DB Part F Section 1 ..... NONE**

**16      Schedule DB Part F Section 2 ..... NONE**

**SCHEDULE S - CEDED REINSURANCE**  
**Showing all new reinsurers-Current Year to Date**

1 NAIC Company Code	2 Federal ID Number	3  Name of Reinsurer	4  Location	5 Is Insurer Authorized? (Yes or No)
<b>Life and annuity - affiliates</b>				
.....	.....	.....	no new reinsurers this year .....	..... Yes[ ] No[X] .....

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**  
**Allocated by States and Territories**

		1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only Year-to-Date					
				3  Accident and Health Premiums	4  Medicare Title XVIII	5  Medicaid Title XIX	6  Federal Employees Health Benefits Program Premiums	7  Life and Annuity Premiums and Deposit-Type Contract Funds	8  Property/ Casualty Premiums
State, Etc.									
1.	Alabama (AL) .....	No ..	No ..						
2.	Alaska (AK) .....	No ..	No ..						
3.	Arizona (AZ) .....	No ..	No ..						
4.	Arkansas (AR) .....	No ..	Yes ..	14,803,929					
5.	California (CA) .....	No ..	No ..						
6.	Colorado (CO) .....	No ..	No ..						
7.	Connecticut (CT) .....	No ..	No ..						
8.	Delaware (DE) .....	No ..	No ..						
9.	District of Columbia (DC) .....	No ..	No ..						
10.	Florida (FL) .....	No ..	No ..						
11.	Georgia (GA) .....	No ..	No ..						
12.	Hawaii (HI) .....	No ..	No ..						
13.	Idaho (ID) .....	No ..	No ..						
14.	Illinois (IL) .....	No ..	No ..						
15.	Indiana (IN) .....	No ..	No ..						
16.	Iowa (IA) .....	No ..	No ..						
17.	Kansas (KS) .....	No ..	No ..						
18.	Kentucky (KY) .....	No ..	No ..						
19.	Louisiana (LA) .....	No ..	No ..						
20.	Maine (ME) .....	No ..	No ..						
21.	Maryland (MD) .....	No ..	No ..						
22.	Massachusetts (MA) .....	No ..	No ..						
23.	Michigan (MI) .....	No ..	No ..						
24.	Minnesota (MN) .....	No ..	No ..						
25.	Mississippi (MS) .....	No ..	No ..						
26.	Missouri (MO) .....	No ..	No ..						
27.	Montana (MT) .....	No ..	No ..						
28.	Nebraska (NE) .....	No ..	No ..						
29.	Nevada (NV) .....	No ..	No ..						
30.	New Hampshire (NH) .....	No ..	No ..						
31.	New Jersey (NJ) .....	No ..	No ..						
32.	New Mexico (NM) .....	No ..	No ..						
33.	New York (NY) .....	No ..	No ..						
34.	North Carolina (NC) .....	No ..	No ..						
35.	North Dakota (ND) .....	No ..	No ..						
36.	Ohio (OH) .....	No ..	No ..						
37.	Oklahoma (OK) .....	No ..	No ..						
38.	Oregon (OR) .....	No ..	No ..						
39.	Pennsylvania (PA) .....	No ..	No ..						
40.	Rhode Island (RI) .....	No ..	No ..						
41.	South Carolina (SC) .....	No ..	No ..						
42.	South Dakota (SD) .....	No ..	No ..						
43.	Tennessee (TN) .....	No ..	No ..						
44.	Texas (TX) .....	No ..	No ..						
45.	Utah (UT) .....	No ..	No ..						
46.	Vermont (VT) .....	No ..	No ..						
47.	Virginia (VA) .....	No ..	No ..						
48.	Washington (WA) .....	No ..	No ..						
49.	West Virginia (WV) .....	No ..	No ..						
50.	Wisconsin (WI) .....	No ..	No ..						
51.	Wyoming (WY) .....	No ..	No ..						
52.	American Samoa (AS) .....	No ..	No ..						
53.	Guam (GU) .....	No ..	No ..						
54.	Puerto Rico (PR) .....	No ..	No ..						
55.	U.S. Virgin Islands (VI) .....	No ..	No ..						
56.	Canada (CN) .....	No ..	No ..						
57.	Aggregate other alien (OT) .....	X X X ..	X X X ..						
58.	Subtotal .....	X X X ..	X X X ..	14,803,929					
59.	Reporting entity contributions for Employee Benefit Plans .....	X X X ..	X X X ..						
60.	Total (Direct Business) .....	X X X ..	(a)..... 1	14,803,929					
DETAILS OF WRITE-INS									
5701	.....	X X X ..	X X X ..						
5702	.....	X X X ..	X X X ..						
5703	.....	X X X ..	X X X ..						
5798.	Summary of remaining write-ins for Line 57 from overflow page .....	X X X ..	X X X ..						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) .....	X X X ..	X X X ..						

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**  
**MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

PARENTS:

QualChoice of Arkansas, Inc.  
FEIN: 71-0752544  
Third Party Administrator of  
Managed Care Health

51.15%

Zenith National Insurance Corp.  
FEIN: 95-1651549  
Property and Casualty Insurer with  
Speciality in Worker's Compensation

30.19%

Novalis Corporation  
FEIN: 14-1785722  
Managed Care Services  
and Consulting Firm

1.68%

University of Arkansas  
for Medical Sciences  
FEIN: 71-6046242

15.09%

Arkansas Children's Hospital  
FEIN: 71-0236857

1.89%

HMO:

QCA Health Plan, Inc.  
FEIN: 71-0794605  
Health Maintenance Organization

**OVERFLOW PAGE FOR WRITE-INS**

**E01      Schedule A Part 2 ..... NONE**

**E01      Schedule A Part 3 ..... NONE**

**E02      Schedule B Part 1 ..... NONE**

**E02      Schedule B Part 2 ..... NONE**

**E03      Schedule BA Part 1 ..... NONE**

**E03      Schedule BA Part 2 ..... NONE**



**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912828AN0 .....	US Treasury Note .....	.....	.... 02/08/2005 ....	Arvest Bank .....	.... X X X ....	..... 988,516	..... 1,000,000.00	..... 7,127	1 .....
3136F6TV1 .....	Federal Natl. Mortg. Assoc. ....	.....	.... 02/08/2005 ....	Arvest Bank .....	.... X X X ....	..... 996,830	..... 1,000,000.00	..... 2,217	1 .....
0399999 Subtotal - Bonds - U.S. Governments .....					.... X X X ....	..... 1,985,346	..... 2,000,000.00	..... 9,344	.... X X X ....
6099997 Subtotal - Bonds - Part 3 .....					.... X X X ....	..... 1,985,346	..... 2,000,000.00	..... 9,344	.... X X X ....
6099998 Summary Item for Bonds Bought and Sold This Quarter .....					.... X X X ....	.... X X X ....	.... X X X ....	.... X X X ....	.... X X X ....
6099999 Subtotal - Bonds .....					.... X X X ....	..... 1,985,346	..... 2,000,000.00	..... 9,344	.... X X X ....
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter .....					.... X X X ....	.... X X X ....	.... X X X ....	.... X X X ....	.... X X X ....
7299998 Summary Item for Common Stock Bought and Sold This Quarter .....					.... X X X ....	.... X X X ....	.... X X X ....	.... X X X ....	.... X X X ....
7399999 Subtotal - Preferred and Common Stocks .....					.... X X X ....	.....	.... X X X ....	.....	.... X X X ....
7499999 Total - Bonds, Preferred and Common Stocks .....					.... X X X ....	..... 1,985,346	..... X X X ....	..... 9,344	.... X X X ....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

**SCHEDULE D - PART 4**  
**Show All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of**  
**by the Company During the Current Quarter**

1	2	3 F o r e i g n	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description		Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
Bonds - U.S. Governments																						
912828AW0	US Treasury Note		03/31/2005		X X X		1,000,000.00	998,164	999,099			901		901	1,000,000				8,125	03/31/2005		
0399999 Subtotal - Bonds - U.S. Governments					X X X		1,000,000.00	998,164	999,099			901		901	1,000,000				8,125	X X X	X X X	
6099997 Subtotal - Bonds - Part 4					X X X		1,000,000.00	998,164	999,099			901		901	1,000,000				8,125	X X X	X X X	
6099998 Summary Item for Bonds Bought and Sold This Quarter					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
6099999 Subtotal - Bonds					X X X		1,000,000.00	998,164	999,099			901		901	1,000,000				8,125	X X X	X X X	
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
7299998 Summary Item for Common Stock Bought and Sold This Quarter					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
7399999 Subtotal - Preferred and Common Stocks					X X X		X X X													X X X	X X X	
7499999 Total - Bonds, Preferred and Common Stocks					X X X		X X X	998,164	999,099			901		901	1,000,000				8,125	X X X	X X X	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

**E06      Schedule DB Part A Section 1 ..... NONE**

**E06      Schedule DB Part B Section 1 ..... NONE**

**E07      Schedule DB Part C Section 1 ..... NONE**

**E07      Schedule DB Part D Section 1 ..... NONE**

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances										
1			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
							6	7	8	
Depository			Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
open depositories										
Arvest Bank .....	P.O. Box 1583, Little Rock, AR									
	72203 .....			2.710	14,429	2,700	3,182,843	1,223,557	2,249,704	X X X
Arvest Bank .....	401 W. Capitol, Little Rock, AR									
	72204 .....			2.360	41,970		7,074,409	9,447,752	7,338,888	X X X
Petty Cash .....	0 .....						100	100	100	X X X
0 .....	0 .....									X X X
0 .....	0 .....									X X X
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....			X X X	X X X						X X X
0199999 Totals - Open Depositories .....			X X X	X X X	56,399	2,700	10,257,352	10,671,409	9,588,692	X X X
0299998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....			X X X	X X X						X X X
0299999 Totals - Suspended Depositories .....			X X X	X X X						X X X
0399999 Total Cash On Deposit .....			X X X	X X X	56,399	2,700	10,257,352	10,671,409	9,588,692	X X X
0499999 Cash in Company's Office .....			X X X	X X X	X X X	X X X				X X X
0599999 Total Cash .....			X X X	X X X	56,399	2,700	10,257,352	10,671,409	9,588,692	X X X

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>								
0199999 Total Cash Equivalents .....						.....	.....	.....

# INDEX TO HEALTH QUARTERLY STATEMENT

Accident and Health Insurance; 18
Accounting Changes and Corrections of Errors; Q11; 25, Note 2
Accounting Practices and Policies; Q5; 25, Note 1
Admitted Assets; Q2; 2; 26; 29; Supp2; Supp3; Supp4; Supp5; Supp6; Supp7
Affiliated Transactions; 15; 26; 27; 29; 32; 37; 52; E14
Bonds; Q2; Q6; Q11.1; QE04; QE05; 2; 6; 15; 16; 26; 27.2; 27.4; 29; 32; 33; 34; 35; 36; 37; 38; E08; E11; E12; E13; Supp2
Bonuses; Q3; Q4; Q8; Q9; 3; 4; 7; 9; 11; 20; 23; 28.1; 49
Borrowed Funds; Q3; Q6; 3; 6
Business Combinations and Goodwill; 25, Note 3
Capital Gains (Losses)
Realized; Q4; 4; 7; 29; 40; E12; E13; E21
Unrealized; Q4; Q5; 4; 5
Capital Stock; Q2; 2; 25, Note 13
Capital Notes; Q6; 6; 25, Note 11
Caps; QE06; 40; E16; E17; E18
Cash; Q2; Q6; QE08; 2; 6; 15; 16; 26; 49; E23
Cash Equivalents; Q2; Q6; 2; 6; 15; 16; 26; E24
Claims; Q3; Q8; 3; 9; 11; 12; 20; 29; 48; 49; Supp8; Supp32; Supp33; Supp34; Supp35; Supp36; Supp37; Supp38; Supp39; Supp40; Supp41; Supp42; Supp43; Supp44; Supp45; Supp46; Supp50; Supp51; Supp52; Supp61; Supp62; Supp63; Supp64; Supp65; Supp66
Coinsurance; 44; Supp21
Collars; QE07; E19; E20; Supp7
Commissions; Q6; 6; 48; Supp29; Supp59
Common Stock; Q2; Q3; Q6; Q11.1; 2; 3; 6; 15; 16; 26; 27; 28; 29; 32; E10; E11; E12; E13; Supp2
Cost Containment Expenses; Q4; 4; 7; 19; Supp63
Contingencies; 25, Note 14
Counterparty Exposure; 25, Note 8
Debt; 25, Note 11
Deferred Compensation; 25, Note 2
Derivative Instruments; Q14; Q15; QE06; QE07; 15; 27.2; 25, Note 8; 42; E16; E17; E18; E19; E20; E21; E22
Deposit-Type Contracts; Supp20
Depreciation; 15
Discontinued Operations; 25, Note 4
Electronic Data Processing Equipment; Q2; 2; 16
Encumbrances; Q2; QE01; 2; E02; E03; E06; E07
Emergency Room; Q4; 4; 7
Enrollment and Utilization; 17
Equity Securities; 26
Exchange or Counterparty; E16; E17; E18; E19; E20; E21; E22
Expenses; Q3; Q4; Q6; 3; 4; 6; 7; 12; 14; 15; 27.4; 29; E01; E03; Supp53; Supp59; Supp61; Supp62; Supp63; Supp64; Supp65; Supp66
Experience Rating Refunds; 13; Supp24
Extinguishment of Liabilities; 25, Note 17
Extraordinary Item; 25, Note 21
Fee for Service; Q4; 4; 7; 23
Federal ID Number; 44; 45; 46; 47
Federal Reserve Board; 27.1
Floors; E16; E17; E18; Supp7
Foreign Control; 27
Foreign Exchange; Q2; Q3; Q5; Q12; QE01; QE02; QE04; QE05; 2; 3; 5; 16; 31; 32; 39; E01; E03; E04; E05; E06; E07; E08; E09; E10; E11; E12; E13; E15
Forwards; QE07; 41; E19; E20; Supp7
Furniture, Equipment and Supplies; Q2; 2; 16; 24
Futures Contracts; 41
Guaranty Fund; Q2; Q18; 2; 16; 50
Health Care Receivables; Q2; Q9; 2; 11; 16; 19; 25, Note 28
Health Statement Test; 28
Hedging Transactions; 27.2; E16; E17; E18; E19; E20; E21; Supp7
Holding Company; 27; 27.1; 51
Hospital/Medical Benefits; Q4; 4; 7; 48
Incentive Pools; Q3; Q4; Q9; 3; 4; 7; 9; 11; 20; 23; 28.1; 49
Income; Q4; Q5; 4; 5; 29
Income Generation Transactions; E17; E18; Supp7
Income Taxes; Q2; Q3; Q4; Q5; 2; 3; 4; 5; 15; 16; 25, Note 9; Supp61
Incurred Claims and Claim Adjustment Expenses; 25, Note 25; Supp53; Supp54; Supp55; Supp56; Supp57; Supp58
Intercompany Pooling; 25, Note 26; Supp31; Supp32; Supp33; Supp34; Supp35; Supp36; Supp37; Supp38; Supp39; Supp40; Supp41; Supp42; Supp43; Supp44; Supp45; Supp46; Supp47; Supp48; Supp49; Supp50; Supp51; Supp52
Insurance Futures Options; E16; E17; E18
Investment Expenses; 15
Investment Income; 25, Note 7
Accrued; Q2; 2; 16
Earned; Q2; Q14; 4; 15; 39; E24
Received; Q6; 6; 39
Investments; Q11.1; 15; 25, Note 5; 27.3; Supp7; Supp12; Supp61
Joint Ventures; 25, Note 6
Leases; 25, Note 15
Letters of Credit; 47

# INDEX TO HEALTH QUARTERLY STATEMENT

Limited Liability Company (LLC); 25, Note 6	
Limited Partnership; 25, Note 6	
Long-Term Care Insurance; 8; 53; Supp13; Supp14; Supp15; Supp16	
Long-Term Invested Assets; QE03; 31; E06	
Loss Development; 12	
Managing General Agents; 25, Note 19	
Maximum Retained Risk; 28	
Member Months; Q4; Q7; 4; 17; 29; 30	
Minimum Net Worth; 28.1	
Mortgage Loans; Q2; Q6; Q11.1; QE02; 2; 6; 15; 16; 26; 29; E04; E05; Supp6	
Non Admitted Assets; Q2; Q5; Q12; 2; 5; 16; 32; 39	
Off-Balance Sheet Risk; 25, Note 16	
Options; QE06; 27.2; 40; E16; E17; E18; Supp7	
Organizational Chart; Q11; Q19; 51	
Other Derivative Transactions; E16; E17	
Out-of-Area; Q4; 4; 7	
Outside Referrals; Q4; 4; 7	
Parents, Subsidiaries and Affiliates; Q2; Q3; Q11.1; 2; 3; 16; 21; 22; 25, Note 10; 32	
Participating Policies; 25, Note 29; Supp19	
Pharmaceutical Rebates; 25, Note 28	
Policyholder Dividends; Q6; 6; Supp59	
Postemployment Benefits; 25, Note 12	
Postretirement Benefits; 25, Note 12	
Preferred Stock; Q2; Q3; Q6; Q11.1; 2; 3; 6; 15; 16; 26; 27.2; 27.4; 29; 32; E09; E11; E12; E13; Supp7	
Premium Deficiency Reserves; 25, Note 30	
Premiums and Considerations	
Advance; Q3; 3; 49	
Collected; Q6; 6	
Deferred; Q2; 2	
Direct; Q7; Q18; 28; 30; 49; 50; Supp24	
Earned; Q7; 7; 12; 28; 29; 30; Supp8; Supp31; Supp59; Supp61	
Retrospective; Q2; 12	
Uncollected; Q2; 2; 16	
Unearned; Q4; Q7; 4; 7; 13	
Written; Q4; Q7; 4; 18; 30; 49; 50; Supp24; Supp59; Supp63; Supp64; Supp65; Supp66	
Prescription Drugs; Q4; 4; 7	
Product Type; 17	
Provider Transactions; 23	
Quasi Reorganizations; 25, Note 13	
Real Estate; Q2; QE01; 2; 15; 16; 26; 29; E01; E02; E03	
Redetermination, Contracts Subject to; 25, Note 24	
Reinsurance; 25, Note 23	
Assumed; 8; 9; 10; 44; Supp21; Supp29; Supp30; Supp31; Supp32; Supp33; Supp34; Supp35; Supp36; Supp37; Supp38; Supp39; Supp40; Supp41; Supp42; Supp43; Supp44; Supp45; Supp46; Supp47; Supp48; Supp49; Supp50; Supp51; Supp52	
Ceded; Q3; Q17; 3; 8; 9; 10; 44; Supp18; Supp30; Supp31; Supp32; Supp33; Supp34; Supp35; Supp36; Supp 37; Supp38; Supp39; Supp40; Supp41; Supp42; Supp43; Supp44; Supp45; Supp46; Supp47; Supp48; Supp49; Supp50; Supp51; Supp52	
Claims; 9; 10; 44; 45; 48	
Funds Held; Q2; 2; 16; Supp29	
Payable; Q3; 3; 45	
Premiums; Q3; 3; 8	
Receivable; Q2; Q4; 2; 7; 9; 16; 48; 49	
Unauthorized; Q3; Q5; 3; 47; 48; 49	
Reserves	
Accident and Health; Q3; Q4; 3; 4; 7	
Annuity; Supp19	
Claims; Q3; Q5; Q8; 3; 5; 9	
Life; Q3; 3; 7; Supp18	
Retirement Plans; 25, Note 12; Supp26	
Retrospectively Rated Policies; 25, Note 24	
Risk-Based Capital; 53	
Adjusted Capital; 29	
Authorized Control Level; 29	
Risk Revenue; Q4; 4; 7	
Salvage and Subrogation; 25, Note 31; Supp31; Supp32; Supp33; Supp34; Supp35; Supp 36; Supp37; Supp38; Supp39; Supp40; Supp41; Supp42; Supp43; Supp44; Supp45; Supp46; Supp47; Supp48; Supp49; Supp50; Supp51; Supp52	
September 11 Events; 25, Note 20	
Servicing of Financial Assets; 25, Note 17	
Short-Term Investments; Q2; Q6; Q11.1; Q14; 2; 6; 15; 26; 29; 39; E15	
Special Deposits; E25	
Stockholder Dividends; Q5; 5	
Stop Loss; 8	
Subsequent Events; 25, Note 22	
Surplus; Q3; Q5; 3; 5; 25, Note 13; 29	

**INDEX TO HEALTH  
QUARTERLY STATEMENT**

Surplus Notes; Q3; Q5; Q6; 3; 5; 6  
Swaps; QE07; E19; E20  
Synthetic Assets; Q15; Q16; 42; 43  
Third Party Administrator; 25, Note 19  
Treasury Stock; Q3; Q5; 3; 5; 6  
Uninsured Accident and Health; Q2; Q3; 2; 3; 16; 25, Note 18  
Valuation Allowance; Q12; Q14; 31; 32  
Wash Sales; 25, Note 17  
Withholds; Q4; Q8; 4; 7; 10; 20; 23; 28.1